

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

June 25, 2001  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Davidson, Degginger, Lee, and Noble<sup>1</sup>

ABSENT: Councilmember Creighton

1. Executive Session

The meeting was called to order at 6:06 p.m. by Mayor Mosher, who presided. There was no executive session.

2. Oral Communications: None.

3. Study Session

(a) Presentation of Certificate of Merit to Dorothy Webb by Kladno Delegation

Judy Louisell, Sister Cities Program Administrator, welcomed visitors from Kladno, Czech Republic, one of Bellevue's sister cities. Ms. Louisell introduced Kladno City Parliament Member Pavel Maxa, Kladno City Manager Jitka Maxova, and Pavla Hogrova Grover, interpreter for the presentation. A Certificate of Merit from the Statutory City of Kladno Board of Representatives and signed by Kladno Mayor Milan Volf was presented to Dorothy Webb, a member of Bellevue Sister Cities Association and chair of the Kladno Committee. Mrs. Webb thanked the representatives for the recognition, her husband for his help, and City Council for its support of sister city activities. Mayor Mosher said Bellevue honors its relationship with Kladno staff and citizens.

(b) Council New Initiatives

Mayor Mosher announced that all fireworks are illegal within Bellevue city limits. He invited everyone to the 4<sup>th</sup> of July festivities in Downtown Park beginning at 6:00 p.m. and culminating in a fireworks show at approximately 10:20 p.m.

(c) Resolution No. 6562 authorizing execution of an agreement with NCA Inc. (Network Computing Architects) in the amount of \$366,000 to provide network equipment and related services. (CIP Plan No. G-55)

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<sup>1</sup> Mr. Noble arrived at 6:17 p.m.

*(This item and item (d) were discussed with Council on June 4, 2001, as part of the Network Replacement presentation.)*

Chief Information Officer Toni Cramer said staff is requesting approval of this item in order to purchase equipment and implement the new network in August. Ms. Cramer said the contract with NCA Inc. is for equipment purchase and the contract with Gravity Square Inc. [Agenda Item (d)] is for equipment installation. She explained that CIP Plan No. G-55 contains three components: 1) network “backbone” (tonight’s items), 2) fiber network, and 3) equipment related to and following the installation of the fiber network. The City has an agreement with AT&T to provide the fiber network, which has not yet occurred.

In response to Mayor Mosher, Ms. Cramer said NCA’s bid represents high-performance equipment with a longer life expectancy than the other bids received by the City. The network is also less complex than other options and will be easier to manage.

Mr. Lee said it is important for the network to be flexible enough to meet future demands and changes in technology. Dave Kelly, Interim Client Services Manager, said the equipment has an expected life cycle of five to seven years. Some of the competitors’ equipment had a life cycle of three to five years. Ongoing management costs of the network are expected to be lower than some of the more complex networks. Ms. Cramer said the network is designed to be flexible for future capacity expansion. She said the life expectancy of five to seven years is not likely to change unless there is a dramatic change in technology.

- ➡ Deputy Mayor Marshall moved to approve Resolution No. 6562, and Mr. Lee seconded the motion.
- ➡ The motion to approve Resolution No. 6562 carried by a vote of 6-0.
- (d) Resolution No. 6563 authorizing execution of an agreement with Gravity Square, Inc. in the amount of \$73,200 to provide installation services for the replacement of the city’s computer data network. (CIP Plan No. G-55)
- ➡ Dr. Davidson moved to approve Resolution No. 6563, and Mr. Lee seconded the motion.
- ➡ The motion to approve Resolution No. 6563 carried by a vote of 6-0.
- (e) Presentation by Kemper Freeman regarding a private initiative for constructing a Performing Arts Center at Bellevue Place

Kemper Freeman said his interest in a performing arts center began several years ago following the completion of a study by the Performing Arts Regional Committee (1982). The study concluded that the Eastside was in need of a performing arts theater and that downtown Bellevue would be an ideal location due to its accessibility and its proximity to restaurants, hotels, retail, and parking. Mr. Freeman said an Eastside performing arts theater is critical to Bellevue’s future. He feels a private/public partnership would be the most effective way to accomplish this goal.

Mr. Freeman said most of the proposed building elements are based on the Loschky Marquardt Nesholm Architects' study of May 1989 and a report prepared for the City in 1997. The primary goal of the Eastside Performing Arts Center is to design, finance, construct, and operate a world-class structure. Mr. Freeman feels the center will benefit the region's quality of life, tourism, economic expansion, and the viability of the arts community. He proposes a wide variety of programming including music, dance, theater, opera, lectures, and seminars. Mr. Freeman's proposed site is located on 10<sup>th</sup> Street between Bellevue Way and 106<sup>th</sup> Avenue NE, in close proximity to restaurants, retail, and hotels. Parking would be provided for the facility with additional parking located nearby. Mr. Freeman envisions a multi-use presentation theater for arts, entertainment, and education. The proposed center is not intended to be a convention or conference facility, although it is anticipated that there would be a small Founders/Board Room to be used as a lecture hall.

Dick Collins explained the multi-form design concept proposed for the facility – maximum seating of 1,800 for concerts, reducible to 900 for theater performances, dinners, dances, and banquets. The rationale is that one building can serve every size audience. This design has been used in the Cerritos, California, Performing Arts Center, which provides six different visual and operational environments. Additional multi-form examples discussed were Pikes Peak Center in Colorado Springs and Ordway Music Theatre in St. Paul, Minnesota.

Mr. Freeman said the proposed Eastside facility would hold 1,800 seats with side boxes and two balconies, an orchestra pit, a stage large enough for symphony and ballet, an orchestra shell, and a full-size rehearsal hall. Operation of the facility would be provided through a private, nonprofit Washington corporation utilizing an entrepreneurial operation approach and governed by a 25-member board of directors. Mr. Freeman estimated a project budget of up to \$60 million, including land and a \$5 million operating endowment. Proposed income sources are as follows: City of Bellevue, \$10 million; other government sources, \$6 million; and private sector income, \$46 million. Budgeting and revenues would be the responsibility of the board of directors.

Mr. Freeman reviewed the following proposed schedule:

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|--------------------------|---------------------------|
| • Organization           | July – October 2001       |
| • Fund-raising           | August 2001 – August 2003 |
| • Preparation and design | January 2002 – June 2004  |
| • Construction           | June 2004 – June 2006     |
| • Move-in and training   | June – September 2006     |
| • Grand opening          | October 2006              |

In response to Mayor Mosher, Mr. Freeman said parking for the performing arts center would be added to complement existing mixed-use parking on the same block for Bellevue Place. Mr. Freeman said an advantage of this parking garage is that it can be accessed from four different streets. He said a concert in Wintergarden at Bellevue Place attracted 2,200 people and the parking facility and surrounding streets easily handled the large crowd.

In response to Mrs. Marshall, Mr. Freeman described plans to expand the existing hotel at Bellevue Place by adding hotel rooms, a larger ballroom, and conference space. In further

response, Mr. Freeman confirmed his intention to donate the land for the performing arts center, which is to be operated by a nonprofit entity.

In response to Mr. Noble, Mr. Freeman said the purpose of the operating endowment is to provide sufficient resources for ongoing operations and to avoid reliance on tax support or City funding.

In response to Mr. Degginger, Mr. Collins said a flat floor is not a necessary element of the design. He feels flat floors do not provide the acoustics, sight lines, and dramatic ambience of sloped floor designs. Mr. Collins said it would be difficult to attract events with a 1,000-seat center and a minimum of 1,500 seats is needed to begin to be profitable.

Mr. Freeman said he sees himself as a catalyst for this project. He was fundraising chairman for the new Bellevue Art Museum and would be willing to serve as finance chairman for a performing arts center. He envisions a busy center with daily activity.

Mr. Collins noted that the proposed facility does not contain a small theater. This is deliberate since there are a number of smaller theaters on the Eastside. This proposal meets the need for a larger facility in the community.

Mayor Mosher thanked Mr. Freeman and Mr. Collins for their presentation. City Manager Steve Sarkozy recalled the performing arts center proposals presented to Council in recent months and suggested that staff develop a plan for evaluating and comparing several alternatives.

- ➡ Mrs. Marshall moved to direct staff to proceed with developing a framework for evaluating alternatives for a performing arts center, and Dr. Davidson seconded the motion.
- ➡ The motion to direct staff to proceed with developing a framework for evaluating alternatives for a performing arts center carried by a vote of 6-0.

(f) Regional Issues

Regional Issues Manager Diane Carlson said King County Executive Ron Sims announced in February that the County would be facing budget cuts in the coming years. Executive Sims released recommendations in May to address the expected \$36 million shortfall in the County's 2002 budget. Page 5 of the Regional Issues packet summarizes the proposed reductions and efficiencies, including a projected reduction of \$5.4 million in the human services area. Attachment 4 on page 10 of the packet lists agencies and programs supported by the City of Bellevue that will be affected by the proposed reductions.

Emily Leslie, Human Services Manager, noted the budget cuts will primarily affect child care and youth services.

Deputy Mayor Marshall recalled her service on the County's Regional Policy Committee and discussions about providing programs that would preclude the need for an additional detention facility in the county. She noted that many of these programs and services now appear to be the

target of proposed budget cuts. Ms. Leslie agreed that some of the proposed reductions appear to be in conflict with recently established County priorities.

Mrs. Marshall observed that children do not vote and therefore do not have a voice on these issues. She suggested that Council send a letter to the County Executive to ask questions and raise issues of concern to Bellevue.

Mr. Noble concurred with Mrs. Marshall's comments. He said the proposed budget cuts conflict with King County's own framework policies and will place more pressure on cities to provide the needed services.

In response to Mr. Degginger, Ms. Leslie said the proposed budget reductions appear to be spread throughout the county and will not have a disproportionate impact on any one area.

Mayor Mosher noted Council consensus to draft a letter to King County expressing Bellevue's concerns and interests.

Mr. Lee is pleased with Council's support of human services and programs. He requested information regarding the anticipated impact on Bellevue human services providers.

Mr. Degginger is interested in the implications for Bellevue of King County's overall 2002 budget and particularly the funding reductions in criminal justice programs.

Moving to the next item regarding 2002 wastewater rates, Utilities Director Lloyd Warren described recent wastewater rate and capacity charge increases by King County in response to soaring energy costs.

Dr. Davidson serves on the Regional Water Quality Committee (RWQC) and recently participated on a task force to review the proposed rate increase. Dr. Davidson said the primary driver of the rate increase was based on achieving King County's goal of a 1.15 debt service coverage ratio for all debt by 2004. The King County Council adopted the new rates on June 11, 2001.

In response to Mr. Degginger, Dr. Davidson said new homes and existing homes switching from a septic tank to the sewer system will be subject to the connection/capacity charge of \$17.20 per month in 2002, an increase from \$10.50 per month in 2001. Dr. Davidson noted the elimination of combined sewer overflow (CSO) charges to Seattle effective January 1, 2002.

Ms. Carlson referred Council to the state legislative session update beginning on page 17 of the Regional Issues packet. She said the legislature adopted an operating budget as well as a transportation budget based on current law but not incorporating new revenues. As a result, funds requested for the Trans-Lake Washington Project (SR 520) were eliminated. A third Special Session will convene beginning July 16. Ms. Carlson noted the Association of Washington Businesses' business and occupation (B&O) tax bill, House Bill 1854, failed in the legislature. The Association of Washington Cities is encouraging adoption of a B&O tax bill to be discussed with Council later this evening.

(g) Proposal to convert traffic signals to Lighting Emitting Diode (LED) technology

Mr. Sarkozy asked staff to present the proposal to replace existing incandescent lamps in the City's traffic signal system with Light Emitting Diode (LED) technology. Laurie Gromala, Transportation Assistance Director for Traffic Management, introduced Joe Guinasso, Transportation Finance Manager. Ms. Gromala said LED signal heads use less energy, 10 watts, compared to incandescent lamps which use 150 watts. This would reduce the monthly electric bill by \$8,000 per month, or the amount of electricity needed to power 116 Bellevue homes for one month. The cost of LED signal heads has decreased in recent years, from \$187 to \$75 for red and from \$327 to \$219 for green.

Ms. Gromala said maintenance costs for LED technology are lower due to a 7-year minimum life cycle for a signal head compared to a 2 ½-year life cycle for incandescent lamps. Less frequent maintenance on city streets means fewer disruptions to traffic, reduced staff time, and fewer instances of placing traffic signal employees in potentially dangerous situations to change the lamps. Ms. Gromala said staff proposes replacing all red and green indicators on the City's traffic signals over a two-year period at a total cost of approximately \$560,000.

Turning to page 3-45 of the Council packet, Mr. Guinasso said energy savings are estimated at approximately \$100,000 per year and maintenance savings are estimated at \$18,000 per year. The payback period for this investment will be less than five years. The financing plan includes contributions to a replacement fund, and overall costs are offset by realized energy savings and Puget Sound Energy rebates.

In response to Mr. Lee, Ms. Gromala said the City is testing one LED traffic signal at 116<sup>th</sup> Avenue and SE 1<sup>st</sup> Street (the driveway between City Hall and the Leavitt Building). In further response, she said it is more efficient to convert to the LED signal heads as a group than to replace them one at a time as they burn out.

In response to Mr. Noble, Ms. Gromala said the yellow incandescent lights rarely burn out and are expected to last the 7-year life cycle of the LED heads. Yellow LED signal heads exist but do not meet current U.S. standards for use as a traffic signal.

Mayor Mosher noted general Council support for the proposal. Mr. Sarkozy said the item will return for Council action on a future Consent Calendar.

(h) City Gross Receipts Business and Occupation Tax Update

Deputy City Manager Ed Oberg introduced Sara Lane, Finance Systems Manager. Mr. Oberg said the business and occupation (B&O) tax for the City of Bellevue generates approximately \$20 million per year. Mr. Oberg said a task force was created in 1995 to review the City's tax code. A progressive tax code was subsequently adopted and became the model for all 37 cities in the state that levy a B&O tax. Bellevue has been working with other cities for the past two and a half years to develop a model ordinance that would bring the 37 cities under a similar B&O taxing structure. Mr. Oberg said staff is requesting Council direction to initiate outreach efforts with Bellevue taxpayers regarding the model B&O ordinance and to then finalize materials to provide for the adoption of a B&O tax ordinance in the fall.

In response to Dr. Davidson, Mr. Oberg said the impact of the model B&O ordinance is expected to be revenue neutral. The benefits are improved consistency, clarity, and predictability for both businesses and cities.

Deputy Mayor Marshall thanked Mr. Oberg and Ms. Lane for working on this project for the past three years. Mayor Mosher noted Council consensus to proceed with outreach activities.

- (i) Resolution No. 6564 authorizing execution of all documents necessary to purchase the property known as Tract A in Newport Shores for \$60,000

Ron Kessack, Right-of-Way Manager, recalled that Council held a public hearing last year regarding a street vacation request at the entrance to Newport Shores. The road was not constructed as originally platted more than 40 years ago. Instead, the street was built north of its intended site across a portion of property known as Tract A, most of which is owned by Newport Yacht Club except for a strip recently quit claimed to the owner of an adjacent lot (Lot 1).

After extensive review and discussions during the past year, Mr. Kessack proposed that the City purchase Tract A for \$60,000 from Newport Yacht Club. The transaction would be what is known as a 1031 transaction in which a facilitator handles the transaction and the funds are allocated toward landscaping and improving the entrance, which is located on Tract A.

To conclude the transaction, staff will bring back the street vacation request for Council approval. If vacation of the right-of-way adjacent to Lot 1 is approved, the property owner would pay half of the appraised value, \$60,000, for the property, resulting in a zero net cost to the City.

- ➡ Mrs. Marshall moved to approve Resolution No. 6564, and Mr. Mosher seconded the motion.
- ➡ The motion to approve Resolution No. 6564 carried by a vote of 6-0.

At 8:39 p.m., Mayor Mosher declared the meeting adjourned.

Michelle Murphy for  
Myrna L. Basich, City Clerk

kaw